

0291 HRB-Singer

18 December 1978

SPOT REPORT

SUBJECT: Possible CIA Staff Involvement in Upcoming Court Case

1. We have advised you previously of an impending lawsuit between HRB-Singer, Reston, and Potomac Research, Inc. (PRI), over the award of an OSO contract. Although this approximate \$210,000/year contract had been awarded to HRB for the past few years, we competed it this year to insure that this type of Agency business was being subjected to proper competition within industry. As a result of a significantly lower bid, PRI was awarded the FY-79 maintenance contract. A short time prior to the competition, the previous technical manager at HRB, for this CIA program, transferred to PRI. After the award of the contract HRB-Singer brought a \$1.5M suit against PRI and an additional \$1.5M suit against Mr. Alan Hurkamp, the former HRB technical director who had moved to PRI. [ ]

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2. We have kept OGC informed of these developments continuously, and they have monitored the progress of the legal action. OGC has advised us to stay completely clear of all aspects and we have complied. Two PRI employees, who now work [ ] and who formerly worked on the maintenance contract as HRB employees, were subpoenaed to appear in U.S. District Court in Alexandria on 12 December and gave depositions. No security problems arose from those depositions. However, because this maintenance contract is an overt one, it is still possible that one or more of [ ] personnel will be subpoenaed, and, if so, there is a possibility of some [ ] exposure. [ ]

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3. We will keep you closely advised on this matter and continue to work with OGC and the CCS. [ ]

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cc: ✓ Assistant for Public Affairs  
C/CCS

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from OSO sent to DDS&T only.

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